

**SAM – DISBURSEMENTS
SAMPLE LATE PAYMENT PENALTY CALCULATIONS**

	Facts	Payment Due Date Stated In Contract as defined in SAM 8474.4 (c)	Payment Due Date Stated In Contract And Invoice Dispute Notification Sent To Vendor	Payment Due Date Not Stated In Contract
A	Date agency receives invoice	3/1/xx	3/1/xx	3/1/xx
B	Payment due date per contract ^(1/)	4/1/xx	4/1/xx	Not stated
C	Date Invoice Dispute Notification (STD.209) sent to vendor	N/A	3/16/xx	N/A
D	Date corrected invoice received by agency	N/A	4/1/xx	N/A
E	Date claim schedule submitted to SCO	4/6/xx	5/31/xx	4/15/xx
S T E P	Completing Penalty Calculation form (STD. 208) - Part A			
1	Required payment approval date ^(2/)	4/1/xx	5/1/xx	3/31/xx
2	Amount subject to penalty (<i>net of tax</i>) Penalty interest factor per day ^(3/) • Small Business • Other Business	\$20,000 .0025 .0001946	\$20,000 .0025 .0001946	\$20,000 .0025 .0001946
3	Penalty per day (<i>multiply amount by daily interest rate as shown in Step 2</i>) • Small Business • Other Business	\$50.00 \$3.89	\$50.00 \$3.89	\$50.00 \$3.89
4	Number of days penalized ^(4/)	5	30	15
5	Penalty amount (<i>multiply amount by the number of days as shown in Steps 3 and 4</i>) • Small Business • Other Business	\$50 x 5 = \$250.00 \$3.89 x 5 = \$19.45 ^(5/)	\$50 x 30 = \$1,500.00 \$3.89 x 30 = \$116.70	\$50 x 15 = \$750.00 \$3.89 x 15 = \$58.35 ^(5/)

Notes:

- ^(1/) For binding payment terms, refer to the contract (**not** the invoice). Per Government Code Section 927.4, payment terms shall not exceed 45 days.
- ^(2/) The payment date specified in the contract, or 30 calendar days after the date the agency receives an undisputed invoice.
- ^(3/) Use the current penalty interest factor per day provided annually in a DOF Budget Letter available at: <http://www.dof.ca.gov/html/budletr/budlets.htm> (a nonprofit organization shall only receive a penalty payment if the contract amount is less than \$500,000).
- ^(4/) Count the number of days from required payment approval date (Step 1) to date claim schedule submitted to SCO (E).
- ^(5/) Minimum late penalty payments: Small business-No minimum payment.
Other business-Do not pay if \$75 or less.